

**TAX INCREMENT FINANCING AMENDMENTS**

2021 GENERAL SESSION

STATE OF UTAH

---

**LONG TITLE****General Description:**

This bill amends provisions related to tax increment for community reinvestment agencies.

**Highlighted Provisions:**

This bill:

- ▶ modifies the amount of tax increment that a project area may receive from certain school districts; and
- ▶ allows a school district to obtain a cost-benefit analysis from an independent third party before entering into a tax increment financing agreement.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

ENACTS:

**17C-1-417**, Utah Code Annotated 1953

---

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **17C-1-417** is enacted to read:

**17C-1-417. School district participation in tax increment financing -- Calculation of tax increment -- Optional cost-benefit analysis.**

(1) As used in this section:

(a) "Average district tax rate" means the average of the current certified tax rates for the school districts statewide.

(b) "Certified tax rate" means the same as that term is defined in Section 59-2-924.

(c) "Specified school district" means a school district with a current certified tax rate that is greater than the average district tax rate.

33           (2) Notwithstanding any other provision of law, the average district tax rate, instead of  
34 each school district's current certified tax rate, shall be used to calculate a specified school  
35 district's tax increment.

36           (3) (a) Before a school district adopts a resolution or enters into an interlocal agreement  
37 that allows an agency to receive the school district's tax increment for the purpose of providing  
38 money to undertake project area development, the school district may engage an independent  
39 third party to perform a cost-benefit analysis to assist the school district in determining whether  
40 to adopt the resolution or enter into the interlocal agreement.

41           (b) As part of a cost-benefit analysis under this Subsection (3), the independent third  
42 party shall consider:

43           (i) the economic impact of the resolution or interlocal agreement on the school district,  
44 including:

45           (A) the estimated total amount of tax increment the school district will pay to the  
46 agency and the length of time for which the agency will pay the tax increment; and

47           (B) the effect that the resolution or interlocal agreement may have on the short-term  
48 and long-term financial condition of the school district;

49           (ii) the justification for the agency's proposed receipt of tax increment, including:

50           (A) the reasonableness of the costs of the project area development;

51           (B) whether the proposed project area development might reasonably occur in the  
52 foreseeable future solely through private investment;

53           (C) the agency's efforts or planned efforts to maximize private investment; and

54           (D) the benefit of any financial assistance or other public subsidy the agency will  
55 provide to the school district or community;

56           (iii) the expected benefits that the resolution or interlocal agreement will provide to a  
57 participant; and

58           (iv) the anticipated public benefit from the project area development.

59           (c) (i) Subject to Subsection (3)(c)(ii), the agency is responsible for the costs of an  
60 analysis under this Subsection (3).

61           (ii) The agency may recoup the costs of an analysis under this Subsection (3) from one  
62 or more participants involved in the proposed project area development.